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Acting Assistant Director, Intelligence  
Coordination  
Advisor for Management

5 February 1951

**Budget Bureau Survey of Foreign Service Economic Reporting**

1. In general, this survey treats CIA's needs most sympathetically and recognizes the major difficulties experienced by CIA in obtaining foreign economic intelligence data. Management Survey findings within CIA paralleled their findings as being of greatest concern to this Agency, as follows:

- a. Page 5, paragraph A - Neglect of strategic interests of the United States as opposed to commercial interest; inadequate development of analyses which relate social and economic phenomena to political stability....
- b. Page 5, paragraph A - Failure to maintain and transmit a consistent orderly body of statistics.
- c. Page 6, paragraph B - Need for comprehensive data requirements reflecting present day needs.
- d. Page 7, paragraph B - Need to regulate volume of requests and to assign priorities to requests.
- e. Page 25 - CIA is unable to obtain effective response to its requests because of difficulties in having request promptly processed through the Department of State to the field.
- f. Pages 29 and 30 - CIA requests are delayed, rejected and changed by review within the Office of Special Assistant for Intelligence which places CIA at a disadvantage when compared with civilian agencies who are exempt from this review.
- g. Page 31 - Compliance statistics are not always significant.
- h. Pages 32 and 33 - The system employed by State for appraisal of reports perverts emphasis from appraisal of content to appraisal of reporting officer. (This emphasis has placed CIA at a distinct disadvantage.)
- i. Page 38 - Excessive reassignment and delays in replacements of Foreign Service Staff seriously impairs the reporting service of Foreign Service Stations.

2. The plan envisaged in the recommendations presented with this survey appear sound and if adopted should provide the framework for better economic reporting and therefore better economic production by CIA. Of the four measures advocated to achieve the new program,

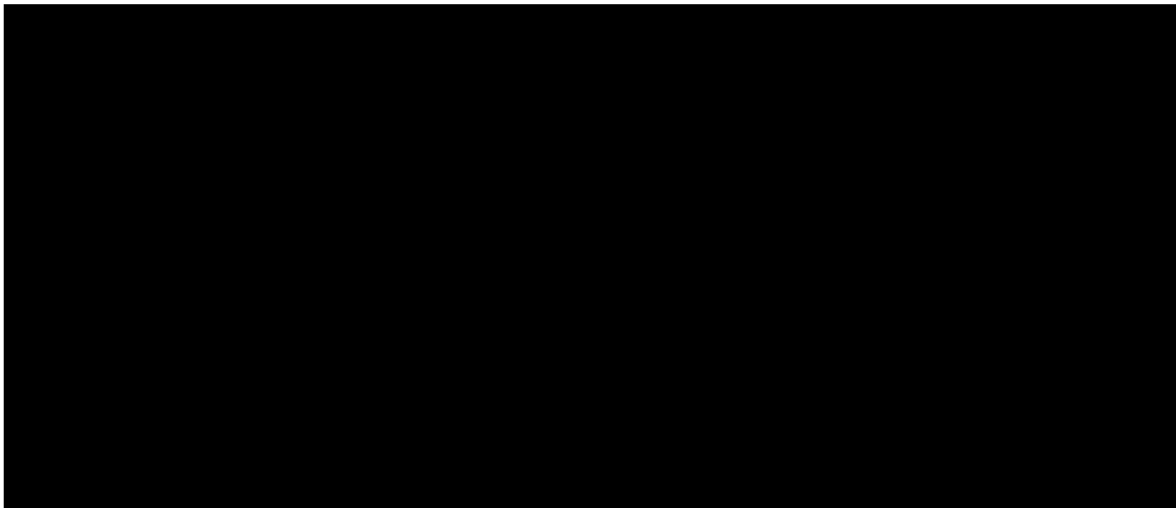
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CIA has a direct interest in the first two. Complete Agency endorsement should be given the first measure which calls for continuously-revised comprehensive data requirements. The second measure, the regulation of volume of requests and assignment of priorities by the State Department, is administratively sound. However, from the CIA standpoint, it would appear that it shall be incumbent on the Secretary of State to give first priority to national security requirements as set forth by CIA. To establish this point, it could be suggested that the draft Executive Order be changed by:

- a. An insertion in the second line of paragraph 2, "...and maintain, after consultation with CIA and other interested Federal...."
  - b. An insertion in the seventh line of paragraph 2, "...statement to the relative importance of the several types of data, with national security needs taking precedence over all other, and...."
  - c. An insertion in the second line of paragraph 3, "...received from Federal departments and agencies for foreign data, national security needs being assigned first priority, which...."
3. While the survey findings adequately recognized two basic problems affecting the CIA effort, no specific recommendations are included to provide:
- a. Immediate augmentation or readjustment of Foreign Service Stations to meet CIA needs for foreign economic information. Rather the survey recommends in Appendix IV (page 64) no immediate action be taken.
  - b. CIA with economic statistics maintained in non-intelligence agencies in a form suitable for CIA use.
  4. No reference is made in the Bureau of the Budget study to internal Agency problems which have a direct influence on CIA's participation in a foreign economic reporting program. To discharge CIA's responsibilities effectively immediate steps should be taken within CIA to provide adequate organization and procedures for:
    - a. Processing and coordinating foreign economic requirements. A CIA requirements program should also include provision for insuring the formulation of necessary requirements.
    - b. Briefing and interrogation of foreign service officers responsible for economic reporting.
    - c. Office of Policy Coordination representation and insurance that its requirements relating to economic warfare are speedily satisfied.

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6. We have appreciated this opportunity to study this Budget Bureau survey from the standpoint of management techniques employed. Their organization of the survey, methods employed, treatment of both substantive and administrative considerations and presentation of findings and recommendations will prove helpful to us in conduct of like surveys within CIA.

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